

FACTUAL DATA AND ANALYSIS – AFTER THE ACQUISITION

8. Conclusion

Our research into the impact of the acquired deed restrictions focused on the loss to Westside Ventures. Were there negative effects to the use and ultimate market value of the Westside properties caused by HCC's acquisition of the restrictions on the 25.17 acres? The market evidence clearly demonstrates that the highest and best use of the 25.17 acres was not Single-Family Residential Use, but rather likely a mixture of Office Use and/or Office Warehouse Use as permitted in the deed restriction that were amended in 2012. The loss of such uses of the property weighed against the property's actual use by HCC for its Katy Campus does not negatively impact the market value of Westside Venture's remaining property.

To test the theory of diminished market value we performed extensive market research. We studied the unique features of HCC's Katy Campus and its position within the subject market area. We studied the two-decade history of the properties in question and past failed development attempts that required fundamental change to occur in order for the development to realize market acceptance. We applied appraisal techniques, including paired sales analysis, and researched localized economic activity that demonstrates significant and increasing market demand before and after HCC's arrival. And we found evidence of the market's willingness, desire, and acceptance to invite community colleges, and specifically HCC at this location, as positive influences for increasing market demand.

After analyzing the presented market data and additional research contained within our work file, we estimate there to be no diminution in the market value of the four Westside Ventures tracts resulting from the inverse condemnation by Houston Community College. We reserve the right to supplement these expressed opinions if additional information comes to light.

Following is our estimate of the market value of the Westside Ventures properties as of April 10, 2019, after the acquisition by HCC.

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Retrospective Market Value Estimate – After the Acquisition: Following is our estimate of the retrospective market value of the whole property (Tracts A-D) after the acquisition as of, as of April 10, 2019.

Retrospective Market Value Estimate - After the Acquisition					
Subject Properties	Ac.	SF	MV/SF	Total	Rounded
Tract A	14.510	632,056	\$15.00	\$9,480,840	\$9,480,000
Tract B	19.560	852,034	\$15.00	\$12,780,510	\$12,780,000
Tract C	18.700	814,572	\$17.50	\$14,255,010	\$14,260,000
Tract D	99.010	4,312,876	\$14.00	+ \$60,380,264	\$60,380,000
Sum Total - After the Acquisition	151.780	6,611,538	\$14.66	\$96,896,624	\$96,900,000

RETROSPECTIVE MARKET VALUE SUMMARIES: Following restates our developed opinions of retrospective market value:

Retrospective Sum Total Market Value Before the Acquisition:	\$ 96,900,000
Retrospective Sum Total Market Value After the Acquisition:	- \$ 96,900,000
Difference:	\$ 0

Thank you for the opportunity to present our professional services. Please contact us if you require additional assistance.